

Minutes of the Commerce and Workforce Services Appropriations Subcommittee Meeting
August 29, 2007
Department of Workforce Services
140 East 300 South
Salt Lake City, UT 84111

Members Present: Sen. Jon J. Greiner, Co-Chair
Sen. Mark B. Madsen
Sen. Wayne L. Niederhauser
Rep. Michael T. Morley, Co-Chair
Rep. Sylvia S. Anderson
Rep. James A. Dunnigan
Rep. Craig A. Frank
Rep. Lynn N. Hemingway
Rep. Mark A. Wheatley
Rep. Larry B. Wiley

Members Excused: Sen. Ed Mayne

Staff Present: Danny Schoenfeld, Fiscal Analyst
Greta Rodebush, Secretary

Speakers Present: Steve Fletcher, Department of Technical Services
Kristen Cox, Department of Workforce Services (DWS)
Don Mueller, DWS
Wes Woolstenhulme, DWS
Mike Richardsen, DWS
Chris Love, DWS
Steve Cuthbert, DWS
William Greer, DWS
Lynette Rasmussen, DWS
Allen Korhonen, Department of Health
Kathy Link, DWS
Bill Starks, DWS
Jody McMullin, DWS
Mark VanOrden, DWS, DTS

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order - Welcome

Co-Chair Morley called the meeting to order at 8:30 am.

2. eREP Progress Report and Implementation Plan

Kristen Cox, Executive Director, DWS, gave a brief overview on the eREP Progress Report and Implementation Plan. The Electronic Resource and Eligibility Product (eREP) is a comprehensive, integrated information technology system designed to determine eligibility and calculate benefits for public assistance programs.

Steve Fletcher, CIO/Executive Director, DTS, noted that eREP interfaces the Department of Workforce Services, Utah Department of Health, Department of Human Services, and the Office of Chief Information Officer/Department of Technology Services with business. He also commented on the responsibilities and activities of the Governance Board and the Project Management Team.

Don Mueller, Project Consultant, eREP, DWS explained the iterative components of the eREP project that have been or will be implemented and tested. He explained that eREP is 75 percent completed and all programs should be in full production by October, 2008.

Wes Woolstenhulme, DWS, gave a live demonstration on how the eREP Program works. He emphasized that this program improves case accuracy and consistency, increases access to services, streamlines business process and integrated technical support, increases proficiency in new workers, provides links to policy, and electronically interfaces with partner agencies.

Co-Chair Greiner requested that the Statewide Warrant Database be integrated into eREP as soon as possible. Ms. Cox indicated that this database could be added to Phase II of the project.

Mike Richardson, DWS, responded to committee members' questions regarding language interpretive services. Spanish interpretive services are available but once a certain population threshold is met, other languages can be added.

Don Mueller continued with the program's timeline. Many of the components are well underway and beyond the development stages. Program testing is continuous. Production cases will be piloted incrementally beginning in January, 2008. Mr. Mueller pointed out that electronically interfacing 100 systems is a challenge and they are lagging behind in this area. He also explained that some of the program delays are a result of upgrades to the core software package and the resultant required modifications to the business design. Finally, changes in the original scope of the eREP project have contributed to delays as well.

Mr. Mueller and Mr. Fletcher responded to committee questions on the design build of the system, upgrades, and concerns in working with contracted private vendors.

Ms. Cox clarified that any changes to the scope of the program must now be approved by Ms. Cox, Steve Fletcher, Lisa Michelle-Church, and representatives from the Department of Health.

In addition, a thorough bidding process must be followed in the event that any change requests are necessary.

Steve Cuthbert explained the geographic role out strategy of eREP in Utah.

Co-Chair Morley asked if there will be any additional appropriation requests on this project. Ms. Cox stated that there would not be any requests.

Bill Greer, Chief Financial Officer, DWS, commented on the eREP budget project allocation of \$79 million. The State share of this budget represents 23 percent, about \$18.2 million. To date, \$63.4 million has been spent. He confirmed that based on preliminary estimates, the Department of Workforce Services does not anticipate approaching the legislature for any developmental or operational costs next year. Those costs will be covered within the existing budget. Ms. Cox also indicated federal funding sources will be pursued as changes in federal regulations warrant changes to the program.

Co-Chair Morley commented on the potential efficiencies, productivity, and accountability of eREP.

3. Child Care Step-Down Proposal

Lynette Rasmussen, DWS, reviewed a two-tiered eligibility forecast model for child care subsidy costs. Currently in Utah, a single income eligibility threshold is used to determine whether a family may receive child care assistance while working or participating in approved training or education. There is some concern that this creates a "cliff effect," where employees will reject a pay raise that jeopardizes their child care subsidy. The two-tier eligibility strategy would allow Utah to use a lower income limit when making eligibility determinations for families first seeking child care subsidies, and applying a higher income threshold as families' eligibility is periodically re-determined. The resultant effect would then allow families to retain child care assistance while experiencing modest success in the job market.

Ms. Rasmussen explained that the Child Care and Development Fund (CCDF) assistance is limited to families with incomes at 56 percent of the State Median Income (SMI). If the Department were to extend the exit level to 70 percent of the SMI, the additional cost would be \$2,142,200. This would be offset by an increase in co-payments of \$1.7 million, with a total cost to the State of \$398,528.

Ms. Rasmussen clarified that increases in co- pays against increases in income will still show a net gain of income for families. She added that the co-payment tables have been adjusted for families at all income levels. Co-Chair Morley stated that based on some of his own preliminary research, this type of co-pay arrangement would be well received.

Rep. Dunnigan expressed his support for the two-tiered child care eligibility strategy using the 70 percent exit level of the SMI.

Rep. Frank asked about the criteria used to establish the co-pay tables. Ms. Rasmussen responded that the Department would make that information available along with the proposed co-pay table.

Sen. Niederhauser asked for clarifications on the difference in net costs to the State at the 70 percent versus 80 percent level of the SMI. Co-Chair Morley recommended that the analysts look more carefully at this and prepare some information for the subcommittee to briefly discuss at the next meeting.

4. Medicaid Eligibility Implementation Plan

Kristen Cox, Executive Director, DWS, commented on the Medicaid Eligibility Consolidation Progress Report highlighting a number of pre-consolidation and consolidation accomplishments. On July 1, 2007, DWS assumed responsibility for all medical eligibility determinations (with the exception of Foster Care and Subsidized Adoption Medicaid, which are administered by the Department of Human Services). 60,060 Medical only (BES) cases moved to DWS consisting of 182,393 individuals. More than 250 employees were transferred from the Utah Department of Health to DWS. Approximately \$16.7 million was transferred to DWS, half state funded, and half federally funded. As of August 26, 2007, DWS has also accepted 8,458 applications for the Children's Health Insurance Program (CHIP), the Primary Care Network, and Utah's Premium Partnership.

Ms. Cox also explained that DWS has an operating agreement with the Department of Health that includes outcome and performance measures to determine the success of the consolidation. Feedback from advocates and consumers indicates that the consolidation is working well.

Alan Korhonen, Deputy Director, Department of Health, commented that there were some early concerns about the consolidation; but, a poll of solicited stakeholders indicates that there are no complaints. Mr. Korhonen pointed out that one of the reasons for the smooth transition can be attributed to the communication efforts of the Department of Health and Department of Workforce Services. Finally, he remarked that the consolidation of Medicaid eligibility and the implementation of eREP is a good business decision for the State of Utah.

Kathy Link, Eligibility Services, DWS, responded to committee member questions regarding the requirements for citizenship and legal residency, and what type of documentation that is required for Medicaid and other public assistance programs.

Ms. Cox gave a brief update on the 270 people that were impacted by the Crandall Canyon Mine disaster in Carbon County, Utah. DWS is making an effort to provide job search and training workshops. Some of the miners have been offered jobs at other companies, both in-state and out-of-state.

5. CUBS Demonstration

Bill Starks, Unemployment Insurance Division Director, DWS, recognized Mark VanOrden, Department of Workforce Services IT Director who was recently awarded the National Association of State Workforce Agencies (NASWA) 2007 Merrill Baumgardner Award.

Mr. Starks offered opening remarks on the Comprehensive Unemployment Benefits System (CUBS). The project offers unemployment software that determines eligibility and benefit determination. Those services are no longer available in field offices but are available through the internet or via the phone. Mr. Starks noted that funding for CUBS I was federal funds and that subsequent to this, Phase II will be funded through the Department of Labor and an appropriation authorized by the 2006 Legislature which comes from federal Reed Act distributions back to the State.

Jody McMullin, DWS, explained the features of CUBS using a power point presentation. They included: cost and time savings, electronic workflow and web enhancements, fraud detection and prevention, 2006 accomplishments, data interfaces, and interest from other agencies. Ms. McMullin quoted the April 2006 NASWA Newsletter which states : "The CUBS system is clearly in a class by itself in the world of UI automated applications and could be a model for any state's modernization quest."

Mr. Starks and Ms. McMullin responded to committee member questions.

6. Tour of Unemployment Insurance

Co-Chair Morley informed the committee that they will dispense with the tour in the interest of time.

7. Other Business

Co-Chair Morley reminded the committee that the next meeting will be on September 12, 2007 in W110, State Capitol Complex.

Co-Chair Morley entertained a motion from Co-Chair Greiner.

MOTION: Co-Chair Greiner moved to adjourn. The motion passed unanimously.

Co-Chair Morley adjourned the meeting at 11:42 am.